

Message Text

LIMITED OFFICIAL USE

PAGE 01 GUATEM 04873 081911Z

54

ACTION EB-07

INFO OCT-01 ARA-06 ISO-00 CIAE-00 COME-00 DODE-00 DOTE-00

FMC-01 INR-07 NSAE-00 SAL-01 CG-00 DLOS-06 OES-06 L-03

STR-04 H-02 OPIC-03 /047 W
----- 060320

R 081800Z JUL 76

FM AMEMBASSY GUATEMALA

TO SECSTATE WASHDC 2277

LIMITED OFFICIAL USE GUATEMALA 4873

EO 11652: N/A

TAGS: EWYWT GT

SUBJECT: SHIPPING DISCRIMINATION - STATUS REPORT

REF: A. GUATEMALA 4160, B. GUATEMALA 4161, C. EMBASSY MEMO OF
6/25, D. EMBASSY MEMO OF 6/28, E. STATE 148334

SUMMARY: DELTA-FLOMERCA AGREEMENT REVIEWED BY COUNCIL OF
STATE WITH ONLY ADVERSE TESTIMONY PUBLICIZED. FURTHER CON-
DEMNATIONS OF AGREEMENT ISSUED. APPROVAL OR DISAPPROVAL BY GOG
STILL NOT MADE. CONGRESS ALSO HAS NOT MOVED FORWARD ON VARIOUS
SHIPPING LAWS BEFORE IT. FINAL CLARIFICATION SHIPPING REGIME
HERE REMAINS A VERY DISTANT PROSPECT. END SUMMARY.

1. SINCE LAST STATUS REPORT (REF A), CONSIDERATION OF DELTA-
FLOMERCA AGREEMENT SHIFTED BY MINISTRY OF ECONOMY TO COUNCIL
OF STATE FOR LATTER'S REVIEW AND OPINION. IN HEARINGS HELD,
FLOMERCA PRESIDENT MARTINEZ DEL ROSAL REHEARSED NOW STANDARD
ACCOUNT OF PRESSURES BROUGHT TO BEAR BY DELTA, EMBASSY, AND
OTHER ELEMENTS OF US GOVERNMENT - ALSO HE ADDIED BY VARIOUS
UNNAMED BUSINESS ORGANIZATIONS IN GUATEMALA. AGREEMENT CON-
CLUDED WOULD SHIFT PATTERN OF TRADE CARRIED BY FLOMERCA
AND DELTA; ACCORDING TO MARTINEZ DEL ROSAL, FLOMERCA NOW
HANDLES 61PERCENT TRADE BETWEEN US AND GUATEMALA, DELTA
11 PERCENT - PERCENTAGES WOULD BE REVERSED UNDER AGREE-
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 GUATEM 04873 081911Z

MENT. CONTINUING HIS MISREPRESENTATION OF FACTS, MARTINEZ

DEL ROSAL CLAIMED ENTIRE DIRECTORSHIP OF FLOMERCA OPPOSED SIGNING AGREEMENT FROM VERY BEGINNING. LATER MENTIONED THAT AGREEMENT WAS "PARTIALLY APPROVED" BY PRESIDENT LAUGERUD BUT THAT APPROVAL NOW SUSPENDED.

2. COUNCIL OF STATE ALSO HEARD FLOMERCA VICE PRESIDENT PERATI , WHO SUPPORTS AGREEMENT, BUT NO NEWS PUBLISHED ON HIS REPRESENTATIONS. COUNCIL OF STATE WAS TO ISSUE OPINION ON AGREEMENT IN MID-JUNE BUT NOW ACCORDING TO MINISTER OF ECONOMY PALOMO, MAY NOT PREPARE RULING UNTIL MID-JULY.

3. MATTER THEN RETURNS TO MINISTRY OF ECONOMY. ACCORDING TO DELTA REPRESENTATIVE HERE, UNDP SHIPPING SPECIALIST WHOM PALOMO PREVIOUSLY HAD STATED IT WOULD BE CALLING IN FOR ADVICE ON AGREEMENT (CAPT. ENRIQUE LUIS DIAS OF TRANSMAR), HAS APPEARED, REVIEWED AGREEMENT AND FOUND NO MAJOR DISADVANTAGES IN IT. NO PUBLICITY GIVEN THIS FINDING.

4. EXCEPTION TAKEN BY SEA-LAND TO DELTA-FLOMERCA AGREEMENT BEFORE FMC (REF. E) HAS GOTTEN INTO PRESS. SEA-LAND'S CHARGE THAT AGREEMENT WOULD LEAD TO MONOPOLY OVER US/ GUATEMALA TRADE AND HIGHER FREIGHT RATES ECHOED VARIOUS PREVIOUS GUATEMALAN CHARGES.

5. OTHER COMMENTS ON DELTA-FLOMERCA AGREEMENT HAVE BEEN RELEASED. ECONOMICS FACULTY OF SAN CARLOS UNIVERSITY ISSUED LONG CONDEMNATION, ACCUSING US OF BLACKMAIL AND ECONOMIC AGGRESSION. SAN CARLOS ECONOMISTS DEFENDED DECREE 41-71 AS MILD PROTECTIONIST ACT. GOVERNMENT CALLED UPON TO DISAPPROVE AGREEMENT, BUILD UP FLOMERCA FLEET SO IT WON'T HAVE TO SEEK ASSOCIATION WITH FOREIGN LINES, AND BRING IT UNDER TIGHTER GOVERNMENT CONTROL SO AGREEMENTS DAMAGING TO NATIONAL SOVEREIGNTY WOULD NOT BE CONTRACTED. IN CHARGE THAT IBERIA AIRLINES HAD FORCED AVIATECA INTO DISADVANTAGEOUS AGREEMENT, PR CONGRESSMAN CRUZ SALAZAR SUGGESTED PARALLELS WITH DELTA-FLOMERCA CASE AND CALLED FOR FURTHER CONGRESSIONAL INVESTIGATION.

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 GUATEM 04873 081911Z

EVEN CHRISTIAN DEMOCRATIC LEADER DE LEON SCHLOTTER, IN HIS TESTIMONY IN WASHINGTON BEFORE HOUSE SUBCOMMITTEE ON INTERNATIONAL RELATIONS, CONDEMNED DELTA-FLOMERCA AGREEMENT.

6. WITH REGARD TO SHIPPING LEGISLATION NOW IN CONGRESS, THERE APPARENTLY HAS BEEN LITTLE FURTHER CONSIDERATION AS CONGRESSMEN HAVE BEEN INVOLVED IN MUNICIPAL ELECTIONS

AND THEN ELECTION OF PRESIDENT OF CONGRESS. ACCORDING
PALOMO, SHIPPING BILLS WILL PROBABLY NOT BE GIVEN HIGH
PRIORITY BY CONGRESS WHEN IT RECONVENES. NO ANNOUNCEMENT
MADE OF SUBMISSION OF YET ANOTHER DRAFT LAW, AN AMALGAM
OF DECREE 41-71, YURRITA BILL, AND FERNANDEZ BILL (REF C).
MOR HAS THERE BEEN ANY FURTHER AGITATION FOR THE PASSAGE
OF THE YURRITA BILL (REF D).

7. ACCORDING TO LOCAL SHIPPING SOURCES, FERNANDEZ
BILL MAY BE REVISED SOMEWHAT TO RENDER IT MORE ATTRACTIVE
OF CONGRESSIONAL SUPPORT. DIVISION OF PROCEEDS FROM
MARITIME TAX BETWEEN LOANS FOR RECONSTRUCTION AND LOANS
TO FLOMERCA MAY BE SHIFT FROM 75-25 TO 50-50, AND
LOANS FOR RECONSTRUCTION MAY GO TO ASSIST IN THE REHABI-
LITATION OF PUERTO BARRIOS. PRESIDENT LAUGERUD REPORTEDLY
IS AGAINST ANY ALLOCATION OF PROCEEDS TO LOANS TO TWO
PRIVATE LINES. SUPPORT OF INEAS MARITIMAS GUATMALTECAS
- PARTIALLY OWNED BY FLOUR MILL INTERESTS - MAY BE SOUGHT
BY EXEMPTING FROM MARITIME TAX IMPORTS OF WHEAT (AS WELL
AS PETROLEUM AND CENTRAL AMERICAN PRODUCTS). ASSOCIATION
OF LOCAL SHIPPING AGENTS FOR FOREIGN LINES HAS BEEN MOVED
TO ACT IN FAVOR OF FERNANDEZ BILL, BUT ORGANIZATION CAN
ONLY WORK BEHIND SCENES.

8. DESPITE FOREGOING, IT GENERALLY CAN BE SAID THE MORE
NATIONALISTIC, MORE STATIST YURRITA BILL STILL MORE AT-
TRACTIVE TO CONGRESSIONAL, OTHER OPINION IN PRESENT AT-
MOSPHERE OF CONTINUING EMOTIONAL, OFTEN UNINFORMED CHARGES
RE SHIPPING REGIME. WHEN HOWEVER A SHIPPING LAW
WILL EMERGE FROM CONGRESS IS STILL UNCLEAR.
ANDREWS

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: MARINE TRANSPORTATION, TRADE DISCRIMINATION, AGREEMENTS, STEAMSHIP LINES
Control Number: n/a
Copy: SINGLE
Draft Date: 08 JUL 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: powellba
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976GUATEM04873
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760264-0447
From: GUATEMALA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760780/aaaacslq.tel
Line Count: 145
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 76 GUATEMALA 4160, 76 GUATEMALA 4161
Review Action: RELEASED, APPROVED
Review Authority: powellba
Review Comment: n/a
Review Content Flags:
Review Date: 30 JUN 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <30 JUN 2004 by MartinML>; APPROVED <26 OCT 2004 by powellba>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: SHIPPING DISCRIMINATION - STATUS REPORT
TAGS: EWWT, GT, DELTA, FLOMERCA
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006